

**SECOND AMENDMENT TO AGREEMENT REGARDING  
THE PURCHASE AND SALE AND DEVELOPMENT  
OF REAL PROPERTY BETWEEN THE CITY OF TACOMA &  
NORTH AMERICA ASSET MANAGEMENT GROUP, LLC**

**THIS SECOND AMENDMENT** (separately this “Second Amendment”) is entered into and made effective as of the \_\_\_\_ day of \_\_\_\_\_, 2016 (“Effective Date”), by and between the **CITY of TACOMA** (“Seller” or “City”), a Washington First-Class municipal corporation, and **NORTH AMERICA ASSET MANAGEMENT GROUP, LLC**, a Washington limited liability company (“Buyer” or “NAAM”) (collectively the “Parties”).

**RECITALS**

- 1.** The City and NAAM entered into that certain “Agreement regarding the Purchase and Sale and Development of Real Property” dated August 18, 2015 (as presently amended, the “Agreement”) under which NAAM has contracted to purchase from the City and covenanted to develop the Property, as defined and described in the Agreement.
- 2.** Thereafter, the City agreed to extend NAAM’s Feasibility Study Period until January 15, 2016 in writing pursuant to Section 6.1 of the Agreement, and then the City and NAAM entered into that certain “First Amendment to Agreement regarding the Purchase and Sale and Development of Real Property” dated June 14, 2016 (separately the “First Amendment”) under which the legal description of the Property was revised, and additional performance deadlines were extended in exchange for increased payment of funds from NAAM.
- 3.** NAAM has now requested another amendment to the Agreement further adjusting upcoming performance dates and development parameters under the Agreement, and the City is willing to make the requested amendment in exchange for the additional consideration set forth herein, and can do so pursuant to Tacoma Municipal Code 1.06.269 C.

**NOW, THEREFORE**, in consideration of the mutual promises and obligations hereinafter set forth, the parties hereby amend the Agreement as follows:

- 1.** Capitalized terms not otherwise defined herein shall have the meanings previously ascribed in the Agreement.
- 2.** The Parties hereby agree to the following amendments/modifications to the Agreement:
  - (a)** In consideration for the City’s agreement to further extend timing deadlines relevant to the permitting and construction of the project, and agreeing to allow revisions to development parameters, all as set forth below, Buyer shall pay to the City an additional \$2.4 million U.S. Dollars (\$2,400,000) as a non-refundable, option extension within (10) days of executing this Second Amendment. This money will be applied to the Purchase Price of the Property as well as closing

costs and other prorations at closing. In the event of a default by Buyer and either a termination by the Seller as a result of the default, or any other failure by Buyer to close, this money will be forfeit as a nonrefundable option payment.

**(b)** Anything in the original Agreement or the First Amendment notwithstanding, the City agrees to allow, and NAAM agrees to construct the project to consist of the following development phases and elements:

- (i)** An initial Phase 1A which shall include, at a minimum, 220 residential units, and no less than 20,000 square feet of commercial/professional or retail space;
- (ii)** A secondary Phase 1B which shall include approximately 200,000 square feet of retail and an additional minimum of 130 residential units; and
- (iii)** A minimum of 450 parking stalls for combined Phases 1A and 1B; and
- (iv)** A Phase 2 which shall include, at a minimum, 180 residential units, no less than 50,000 square feet of commercial/professional space and an additional 185 parking stalls.

In addition to the foregoing, in order for the project to be considered complete, it must include a minimum of 50,000 square feet of commercial/professional space. This required commercial/professional space can be built in either Phase 1 or Phase 2 or can be split between the phases.

**(c)** Anything in the original Agreement or the First Amendment notwithstanding, the City agrees to allow, and NAAM agrees to comply with the following changes to the project schedule:

- (i)** Buyer must submit its Site Development and Work Order permit package for Phase 1A and 1B no later than February 28, 2017;
- (ii)** Buyer must submit its Phase 1A and 1B building permit package (shell and core) no later than April 15, 2017;
- (iii)** Buyer must submit its engineer's estimate for all off-site improvements on 21<sup>st</sup>, Jefferson and 23<sup>rd</sup> streets (Phase 1 A and B off-sites) no later than May 15, 2017;
- (iv)** Buyer must commit funds and either deposit with the City, assign funds through a bank, or bond for the cost of required off-site improvements as required/approved by City in order to obtain permits;
- (v)** Buyer must close on the purchase of the Property no later than August 31, 2017 with all conditions precedent to closing having been met at least two weeks prior to closing;

**(vi)** Buyer must commence construction of Phase 1A no later than September 30, 2017 and complete construction by February 28, 2019;

**(vii)** Buyer must commence construction of Phase 1B in 2018 with completion no later than November 30, 2019; and

**(viii)** Buyer must commence construction on Phase 2 within 6 months of receiving a certificate of occupancy for Phase 1.

The City, at its discretion and at its cost, if any, may choose to delay conveyance of the Phase 2 portion of the Property until Phase 1B is under construction and NAAM demonstrates ability to finance, permit and complete Phase 2.

**(d)** Anything in the original Agreement or the First Amendment notwithstanding, the Parties agree that the following conditions must be met prior to conveyance of the Property:

**(i)** The project Site Development permit must be issued or ready to be issued for Phase 1A and 1B;

**(ii)** Complete Building Plans must be submitted and under review for Phase 1A and 1B;

**(iii)** NAAM must show the City proof of funds/financing to complete Phase 1A of the project (\$35 million), consisting of a minimum of \$20 million cash equity transferred to the U.S and proof of firm commitment for financing the balance of the costs of Phase 1A of the project. Additional equity may be substituted for all or portion of the financing at the City's discretion. Project costs are determined by construction costs plus soft costs based on the permitted project. Phase 1A and 1B costs are estimated at \$80 million. It is understood that EB-5 investment will be a portion of the financing for all except Phase 1A; and

**(iv)** The Exhibit C - DEVELOPMENT COVENANTS AND CONDITIONS of the Agreement must be revised to reflect the Parties agreed upon development parameters and schedule in order to be recorded at closing.

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3. Except to the extent modified or superseded herein, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect. To the extent any terms and/or conditions of this Second Amendment conflict with any prior terms and/or conditions of the Agreement, the terms and conditions of this Second Amendment shall control.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Second Amendment effective as of the Effective Date first written above.

**CITY OF TACOMA**

**NORTH AMERICA ASSET MANAGEMENT GROUP, LLC**

\_\_\_\_\_  
T.C. Broadnax, City Manager  
Approved:

\_\_\_\_\_  
Luo Xun Kun, Managing Member

\_\_\_\_\_  
Ricardo Noguera, Director  
Community and Economic  
Development Department

\_\_\_\_\_  
Andrew K. Cherullo,  
Finance Director

Attest:

Approved as to form:

\_\_\_\_\_  
Doris Sorum, City Clerk

\_\_\_\_\_  
Deputy City Attorney